

February 17, 2009

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**Comments from Nationwide Insurance Company
on Raised Bill 6446**

On the Section 1 (e) 1 mandatory premium discount for cars with extensive VIN etching, there is no dispositive evidence that etching VIN numbers on auto parts prevents most car theft. A mandatory discount is not supported by the data to date.

Section 1 (e) 2 places the authority to set the size of the VIN etching discount with the regulator. The amount of any discount is primarily determined by actuarial calculations based on the effectiveness of the act meant to mitigate the risk involved. This is best determined by data generated through the experience of the individual insurance company, and not arbitrarily by the regulator. This Section also places the burden of annual review of the amount of the discount on a regulator with increasingly limited resources.

Accordingly, Lines 43 through 63 should be deleted.

Section 2 includes several proposals that work strongly against the notion of consumer free choice of body shop.

Line 73 would eliminate the right of a consumer to exercise their own prior agreement based on the principle of free choice. The brackets should be removed, and that right restored.

Lines 73 through 79 would deny the insurance consumer some benefits and the free exercise of their right to choose a body shop in the following ways:

Lines 73 through the beginning of line 77 would require that reductions in the deductible, or additional warranties on automobile repair parts and labor, be specifically incorporated into policy language. This stifles the development of such programs, and limits the flexibility required of insurers to keep up with the interests and demands of consumers in a free marketplace, as every minute change in such programs would require re-filing the policy form with the regulator. In essence, this approach would clearly undermine the development of such beneficial programs, the result of which is to ultimately deny the insurance consumer these significant benefits.

Lines 77 through 79 amount to a gag order on insurers, and a denial of the consumer's right to make an informed choice when selecting a body shop. The language implies that an insurer cannot point out to the consumer the factual benefits of selection of a preferred repair facility. And it very specifically denies the consumer any information indicating that the consumer might have to bear some of the cost of the repair, which they ought to know up front.

We do not support any disparagement of body shops that don't participate in repair networks. However, by implication, this language potentially stops the free flow of positive information important to the consumer in their exercise of free choice of body shop.

In short, Lines 77 through 79 would force the consumer to exercise their right of free choice of body shop without being allowed to get all the information necessary to make an informed decision. This approach undermines the fundamental principle of consumer free choice by preventing the consumer from getting all the relevant information necessary to make the best choice for themselves.

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